



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0512	Title:	Establish an eastern Montana crime laboratory
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Primary Sponsor:	Mortensen, Dale	Status:	As Amended in House Committee
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<input type="checkbox"/> Significant Local Gov Impact	<input checked="" type="checkbox"/> Needs to be included in HB 2	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts	<input type="checkbox"/> Dedicated Revenue Form Attached

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$2,050,000	\$450,000	\$488,388	\$495,713
Capital Projects Fund	\$105,000	\$105,000	\$0	\$0
Revenue:				
General Fund	\$0	\$1,840,000	\$0	\$0
Capital Projects Fund	\$2,050,000	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>(\$2,050,000)</u></u>	<u><u>\$1,390,000</u></u>	<u><u>(\$488,388)</u></u>	<u><u>(\$495,713)</u></u>

Description of fiscal impact: As amended, HB 512 would transfer \$2.05 million from the general fund to the long-range building program account in the capital projects fund type for the construction of a new, eastern branch of the laboratory of criminalistics to be built in Yellowstone County for use by the Department of Justice. The laboratory will require the department to hire 4.00 FTE and purchase or lease additional laboratory equipment. Alternatively, the Department of Administration would have the option of leasing a facility and using \$210,000 of the general fund transfer to cover lease cost for one biennium, if appropriate facilities are available.

FISCAL ANALYSIS

Assumptions:

Department of Administration – Architecture and Engineering (A&E)

- As amended, HB 512 appropriates \$2.05 M in the long-range building program to construct the laboratory in Yellowstone County beginning 7/1/2015. A&E estimates that an appropriation of \$2.05 million would construct a facility of approximately 3,500 square feet. A&E utilized a North Dakota criminalistics laboratory completed in 2008 for \$281 per square foot construction cost as a comparison along with Engineering News Record inflationary value for 2008 through 2015.

2. If constructed, it is assumed that the new eastern branch facility would be constructed on existing state-owned land with adequate existing utilities and direct vehicular access available.
3. As amended, HB 512 also contains language that allows the Department of Administration (DOA) to spend up to \$210,000 to secure appropriate leased facilities if the DOA determines that leasing facilities for the laboratory would be more appropriate.
4. As amended, it is assumed that there will be facilities available for leasing that will meet the requirements of HB 512. For purposes of this fiscal note, it is assumed that the Eastern Montana facility will be leased using up to \$210,000 of the \$2.05 million appropriation. The remaining \$1.84 million would revert to the general fund in FY 2017.
5. For purposes of this fiscal note, it is assumed that a facility can be leased at a rate of \$25-\$30 per square foot. A rate of \$30 per square foot would be \$105,000 per year. This rate would include basic interior build outs. Any specialized build out costs would be an additional cost to the lease rate. This fiscal note assumes the entire \$210,000 will be used to enter into a lease agreement. See Technical notes.
6. Assuming an adequate facility is located to be leased, it is assumed that a lease could be executed in 2-3 months. It could take up to 6 additional months before the facility would be ready for occupancy, depending on the specifics for build outs.
7. If an adequate facility cannot be located to lease, it would take 6 months to one year from compilation of an RFP to bid award. Construction would take an additional 6 months, depending on weather and seasonal conditions.

Department of Justice

8. As amended, HB 512 appropriates \$450,000 for initial costs of the lab as well as personal services, training, and operating expenses.
9. At 3,500 square feet, the Eastern Montana laboratory is estimated to be approximately 15% of the capacity of the laboratory in Missoula. In order to staff a 3,500 square foot facility, the Department of Justice (DOJ) will require 4.00 additional FTE. Positions needed include: 3.00 Forensic Scientists (Chemists), and 1.00 Biological Lab Technician.
10. These new FTE will require up to one year of training in the Western Montana facility. These FTE are assumed to begin employment on 11/1/2016, therefore all personal services costs are reflected at roughly 70% in FY 2017. See Technical Notes.
11. The standard office package for an office setup and new computer are \$2,900 per FTE for a total of \$11,600 in FY 2017. Other one-time set up costs total \$3,000 in FY 2017.
12. Equipment needs necessitated by HB 512 include the purchase of 1 infrared IR spectrophotometer at a cost of \$25,000 (drug analysis) in FY 2017.
13. Ongoing leasing commitments include 2 GC/MS at a cost of \$30,000 per year per instrument for a total of \$60,000 per year beginning in FY 2017.
14. As noted above, the Eastern Montana laboratory is estimated to be 15% of the capacity of the laboratory in Missoula. Laboratory equipment and supplies are estimated at \$69,883 per year. Electricity costs for the laboratory are estimated at an annual total of \$14,209 per year.
15. Information Technology (IT) related requirements to make the laboratory operational include the one-time only (OTO) costs of a network switch for \$9,500, the cost of cabling at \$21,300, cost of server and power backup at \$20,000 for a total of \$50,800 OTO information technology costs in FY 2017.
16. Ongoing IT costs include the 10MB fiber at \$10,236 per year, and server maintenance at \$2,000 per year for a total of \$12,236 ongoing information technology costs.
17. Fixed costs and office supplies are estimated to cost \$14,761 in FY 2017.
18. All expenditures are inflated at 1.5 percent in FY 2018 and FY 2019.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	4.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$0	\$209,650	\$309,518	\$314,161
Operating Expenses	\$0	\$155,350	\$117,970	\$119,738
Equipment	\$0	\$25,000	\$0	\$0
Debt Service	\$0	\$60,000	\$60,900	\$61,814
Transfers	\$2,050,000	\$0	\$0	\$0
Building Lease	\$105,000	\$105,000	\$106,575	\$108,174
TOTAL Expenditures	\$2,155,000	\$555,000	\$488,388	\$495,713
<u>Funding of Expenditures:</u>				
General Fund (01)	\$2,050,000	\$450,000	\$488,388	\$495,713
Capital Projects Fund (05)	\$105,000	\$105,000	\$0	\$0
TOTAL Funding of Exp.	\$2,155,000	\$555,000	\$488,388	\$495,713
<u>Revenues:</u>				
General Fund (01)	\$0	\$1,840,000	\$0	\$0
Capital Projects Fund (05)	\$2,050,000	\$0	\$0	\$0
TOTAL Revenues	\$2,050,000	\$1,840,000	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$2,050,000)	\$1,390,000	(\$488,388)	(\$495,713)
Capital Projects Fund (05)	\$1,945,000	(\$105,000)	\$0	\$0

Technical Notes:

1. The start date for the 4.0 additional FTE has been structured to fit within the \$450,000 appropriation in new section 3 (2). These FTE could be brought on earlier to begin training in order to start work at the facility, which could be ready for occupancy as early as 4/1/2016, but the appropriation for personal services and operations in the bill would not be sufficient to cover all of the costs.
2. The DOJ assumes the leased facility provided for in this bill will have adequate network connection. If this is not the case, summit net costs to run fiber to the facility could exceed \$100,000.
3. A&E has assumed appropriate, existing, state-owned land with utilities and access is available. If such property is not available, the purchase of land, installation of utilities, and access, will reduce the funding available for square footage of the new facility. Acquisition of land would require approval of the State Land Board.

4. Per governmental accounting guidelines and the Montana Operations Manual, Chapter 335, Section XIV, A&E believes a biennial lease would be considered an operational lease and not a capital lease. The long-range building program account is a capital projects fund type and per the mentioned guidelines, the division does not believe it permissible to make operating lease payments from the long-range building program account. If the lease option is exercised, A&E can transfer the \$210,000 to the Department of Justice in accordance with 18-2-105(3) MCA. The Department of Justice will be responsible for the lease payments.

Sponsor's Initials

Date

Budget Director's Initials

Date